

Are My Social Security Benefits Taxable?

That depends on your income.

Your benefits are tax free, if your modified adjusted gross income (AGI), plus one-half of your Social Security benefits is below the base amount of (1) \$25,000, if single or (2) \$32,000, if married and filing a joint tax return.

If you are over the threshold, then the calculation gets more complicated. If your modified adjusted gross income exceeds the threshold, then up to 85% of your Social Security benefits are taxable.

Modified AGI is the sum of your adjusted gross income (excluding Social Security benefits), tax-exempt interest, any amounts of excluded foreign earned income or housing, and any interest excluded from gross income because qualified US Series EE bonds were redeemed to pay qualified education expenses.

Information provided 3/2007 by Embassy London Federal Benefits Unit.